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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
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**COMMISSIONERS**

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-01303A-05-0718  
ARIZONA-AMERICAN WATER COMPANY, )  
INC., AN ARIZONA CORPORATION, FOR )  
APPROVALS ASSOCIATED WITH A )  
PROPOSED TRANSACTION WITH MARICOPA )  
COUNTY MUNICIPAL WATER )  
CONSERVATION DISTRICT NUMBER ONE TO )  
ALLOW THE CONSTRUCTION OF A SURFACE )  
WATER TREATMENT FACILITY KNOWN AS )  
THE WHITE TANKS PROJECT. )

**NOTICE OF FILING  
TESTIMONY SUMMARIES**

The Maricopa County Municipal Water Conservation District Number One, commonly known as the Maricopa Water District ("District" or "MWD"), hereby files the Testimony Summaries of James R. Sweeney, James P. Albu, John Mastracchio and William C. Davis.

RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of March 2007.

ROSHKA DEWULF & PATTEN, PLC

By

Michael W. Patten

Timothy J. Sabo

One Arizona Center

400 East Van Buren Street, Suite 800

Phoenix, Arizona 85004

Attorneys for Maricopa Water District

Arizona Corporation Commission  
**DOCKETED**

MAR 15 2007

DOCKETED BY

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1 Original and 13 copies of the foregoing  
filed this 15<sup>th</sup> day of March 2007 with:

2 Docket Control  
3 Arizona Corporation Commission  
1200 West Washington Street  
4 Phoenix, Arizona 85007

5 Copy of the foregoing hand-delivered/mailed  
this 15<sup>th</sup> day of March 2007 to:

6  
7 Chairman Mike Gleason  
Arizona Corporation Commission  
1200 West Washington Street  
8 Phoenix, AZ 85007

9 Mr. Ken Rozen, Aide to Chairman Gleason  
10 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

11 Commissioner William Mundell  
12 Arizona Corporation Commission  
1200 West Washington Street  
13 Phoenix, AZ 85007

14 Mr. Adam Stafford, Aide to Commissioner Mundell  
15 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

16 Commissioner Jeff-Hatch-Miller  
17 Arizona Corporation Commission  
1200 West Washington Street  
18 Phoenix, AZ 85007

19 Mr. Dean Miller, Aide to Commissioner Hatch-Miller  
20 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

21 Commissioner Kristin K. Mayes  
22 Arizona Corporation Commission  
1200 West Washington Street  
23 Phoenix, AZ 85007

24 Mr. Matt Derr, Aide to Commissioner Mayes  
25 Arizona Corporation Commission  
1200 West Washington Street  
26 Phoenix, AZ 85007  
27

ROSHKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

- 1 Commissioner Gary Pierce  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007
- 2
- 3
- 4 Mr. John LeSueur, Aide to Commissioner Pierce  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007
- 5
- 6 Craig. A. Marks, Esq.  
Craig A. Marks PLC  
3420 East Shea Blvd, Suite 200  
Phoenix, Arizona 85028
- 7
- 8
- 9 Sheryl A. Sweeney, Esq.  
Michele L. Van Quathem, Esq.  
Ryley Carlock & Applewhite  
One North Central Ave, Ste. 1200  
Phoenix, Arizona 85004-4417
- 10
- 11
- 12 Scott S. Wakefield, Esq.  
Chief Counsel  
Residential Utility Consumer Office  
1110 West Washington, Ste. 220  
Phoenix, Arizona 85007
- 13
- 14
- 15 Jeffrey W. Crockett, Esq.  
Bradley S. Carroll, Esq.  
Snell & Wilmer LLP  
400 East Van Buren  
Phoenix, Arizona 85004
- 16
- 17
- 18 Mr. David W. Prescott  
Vice President  
Trend Homes, Inc.  
890 W. Elliot Road  
Gilbert, Arizona 85233
- 19
- 20
- 21 Teena Wolf, Esq.  
Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007
- 22
- 23
- 24 Christopher C. Kempley  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007
- 25
- 26
- 27

**ROSHKA DEWULF & PATTEN, PLC**

ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

- 1 Ernest G. Johnson, Esq.  
Director, Utilities Division
- 2 Arizona Corporation Commission  
1200 West Washington
- 3 Phoenix, Arizona. 85007
- 4 Franklyn D. Jeans, Esq.  
Beus Gilbert PLLC
- 5 4800 North Scottsdale Road, Suite 6000  
Scottsdale, AZ 8521
- 6
- 7 Derek L. Sorenson, Esq.  
Quarles & Brady Streich Lang
- 8 Two North Central Avenue  
Phoenix, AZ 85004
- 9 David M. Palzik, Esq.  
Greenberg Traurig LLP
- 10 2375 East Camelback Road, Suite 700  
Phoenix, AZ 85016
- 11

12 By *Debbie Arnold*

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1 A. Summary Of Testimony Given By James R. Sweeney, General Manager Of MWD.

2 1. Direct Testimony

3 Mr. Sweeney summarized his testimony as follows:

- 4 • I describe the District, including a history of our long-standing involvement in
- 5 providing surface water to the District lands.
- 6 • I provide an overview of our proposed surface water treatment plant, and I describe
- 7 our goals for the plant and how it fits into the purpose of the District.
- 8 • I describe why our proposal is superior to the proposal of Arizona-American Water
- 9 Company ("Arizona-American" or "AAW").
- 10 • I respond to Arizona-American's request for a large increase in their hook-up fees.
- 11 • I describe our offer to provide interim water to Arizona-American.
- 12 • I provide a response to the Staff Report filed in this case.
- 13 • I provide a specific answer to each of the seven questions posed by Arizona-
- 14 American.

15 Mr. Sweeney also requested that the Commission take the following actions:

- 16 (1) Deny Arizona-American's request to increase its hook-up fees;
- 17 (2) Deny Arizona-American's request for special treatment for AFUDC and AIAC;
- 18 (3) Grant approval to Arizona-American to reflect the margin credit on customer bills;
- 19 (4) Order Arizona-American to cooperate in using its bills to return the margin credit to
- 20 qualifying customers.

21 2. Surrebuttal Testimony

22 Mr. Sweeney explains MWD's 70 years of service, and commits that MWD will not walk  
23 away from the project if the Commission rules in MWD's favor. Mr. Sweeney also explains that  
24 MWD's plan is better for customers because it will return credits to landowners, and because it will  
25 cost less. For example, Mr. Sweeney explains that MWD will have lower power costs. Mr.  
26 Sweeney recommends that the Commission deny Arizona-American's application. However, if the  
27

Commission does approve the application, the District recommends the following customer safeguards:

- (1) Any hook-up fees collected by Arizona-American should be subject to refund, should the Commission determine in a rate case that lower fees are appropriate, or should the courts find the fee increase to be invalid.
- (2) To guarantee Arizona-American's ability to make the refund, it should be ordered to post a bond in the amount of the estimated hook-up fee collections for the next five years.
- (3) The Commission should make clear that O&M costs for Arizona-American's plant will be evaluated under Commission's traditional ratemaking methods.
- (4) The Commission should rule that no portion of the cost of Arizona-American's plant will be allowed in rate base.

**B. Summary Of Testimony Given By James P. Albu, P.E., Malcolm Pirnie, Inc.**

**1. Direct Testimony**

Mr. Albu explains the location, timing and cost of MWD's Facility. He also provides a direct cost comparison between MWD's Facilities and Arizona-American's proposed plant. He estimates that MWD's plant will cost about \$47.6 million, while Arizona-American's will cost \$56.7 million.

**2. Surrebuttal Testimony Filed On March 12, 2007**

Mr. Albu provides a point-by-point response to the Rebuttal Testimony of Mr. Gross. He updates his cost comparison as follows:

	MWD	Arizona-American
Capacity	20 MGD	13.5 MGD
Cost (2006 dollars)	\$47.6 million	\$54.3 million
Cost per Gallon of Capacity	\$2.38	\$4.02

1 C. Summary Of Testimony Given By John Mastracchio, P.E., CFA, Malcolm Pirnie, Inc.

2 Mr. Mastracchio, of the international engineering firm Malcolm Pirnie, Inc. responds to the  
3 rebuttal testimony of Mr. Broderick, and provides a comparison of the rate impacts to customers of  
4 MWD's and Arizona-American's proposals. He estimates that customers will pay the following  
5 capital costs (over 30 years) under MWD's and Arizona-American's proposals:

6 MWD \$3,463

7 Arizona-American \$5,880

8 He also explains three ways that Arizona-American's proposals could result in direct rate increases  
9 in addition to the capital payments described above.

10 D. Summary Of Testimony Given By William C. Davis, CFA, Piper Jaffrey & Co.

11 Mr. Davis testifies about the MWD's proposed financing, and states that MWD is in a  
12 strong financial position and is creditworthy.